



THE CITY OF SAN DIEGO  
**REPORT TO THE CITY COUNCIL**

DATE ISSUED: February 23, 2011

REPORT NO: 11-031

ATTENTION: Budget and Finance Committee  
Agenda of March 2, 2011

SUBJECT: Fiscal Year 2011 Mid-Year Budget Monitoring Report

REQUESTED ACTION:

Accept the report from the Mayor on Fiscal Year 2011 Mid-Year Budget Monitoring and authorize the requested appropriation adjustments.

STAFF RECOMMENDATION:

Approve the requested action.

SUMMARY:

The following report presents projections of year-end revenues and expenditures. Projections are determined using actual (unaudited) data from July through December 2010, or through accounting period six, and departmental information regarding spending trends and operations. This report includes discussion of year-end projections that vary significantly from the Fiscal Year 2011 budget for the General Fund and other budgeted funds with staff. For this report, a significant variance is defined as under or over budget revenues or expenditures of \$500,000 or greater. Also included in this report are requested appropriation adjustments to support projected over budget expenditures in General Fund departments and other budgeted funds.

FISCAL CONSIDERATIONS:

The net impact of the General Fund year-end projections is \$5.1 million of revenue in excess of expenditures. Appropriation increases are requested within the General Fund to balance certain departments that project significant over budget expenditures. These departments are the Fire-Rescue and Environmental Services Departments. Increases in these departments are partially offset by revenue adjustments and the balance will be transferred from the General Fund Appropriated Reserve. Other General Fund departments projecting over budget expenditures will be monitored and additional budget adjustments may be requested before the end of the fiscal year. A reduction of both revenue and expenditure appropriations is requested for the General Services Department. The result of all of these actions is a requested reduction of \$1.0 million to both General Fund revenue and expenditure appropriations, maintaining a balanced budget. Adjustments are also requested for the Information Technology, Fire/Emergency Medical

Services Transportation Program, Transient Occupancy Tax and Convention Center Expansion Funds. In addition, appropriations are requested for installation of a generator at the City's Ridgehaven Court facility, the City's backup emergency operations center.

Due to uncertain economic conditions and the very small projected surplus, any use of the projected \$5.1 million surplus, including service restorations, is not recommended at this time.

PREVIOUS COUNCIL and/or COMMITTEE ACTION: None.

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS: None.

KEY STAKEHOLDERS AND PROJECTED IMPACTS: None.

signature on file  
Angela Colton  
Financial Manager

signature on file  
Mark Leonard  
Financial Management Director

signature on file  
Mary Lewis  
Chief Financial Officer

Attachment: Fiscal Year 2011 Mid-Year Budget Monitoring Report

# Fiscal Year 2011 Mid-Year Budget Monitoring Report

## GENERAL FUND

Both General Fund revenues and General Fund expenditures are projected to be within 1 percent of budget at fiscal year end. General Fund revenues are projected to be \$1.5 million over budget while expenditures are projected to conclude the fiscal year \$3.6 million under budget. This results in a net year-end projection of \$5.1 million of revenue in excess of expenditures. Table 1: Summary of FY 2011 General Fund Projections summarizes this information.

| Summary of FY 2011 General Fund Projections |                  |                     |                 |            |
|---|------------------|---------------------|-----------------|------------|
| Table 1                                     |                  |                     |                 |            |
| Revenue/Expenditures                        | Current Budget   | Year-End Projection | Variance Amount | Variance % |
| Projected Revenue                           | \$ 1,096,228,151 | \$ 1,097,725,020    | \$ 1,496,869    | 0.1%       |
| Projected Expenditures                      |                  |                     |                 |            |
| Salaries                                    | \$ 478,598,954   | \$ 486,196,226      | \$ (7,597,272)  | 1.6%       |
| Fringe and Non-Personnel                    | 615,184,829      | 606,430,130         | 8,754,699       | 1.4%       |
| Appropriated Reserve                        | 2,444,368        | -                   | 2,444,368       | 100.0%     |
| Subtotal                                    | \$ 1,096,228,151 | \$ 1,092,626,357    | \$ 3,601,794    | 0.3%       |
| <b>Net Year-End Projection</b>              |                  | <b>\$ 5,098,663</b> |                 |            |

While the General Fund overall is expected to end the fiscal year at budget, significant variances are seen among departments and in certain categories of spending. As seen in the table above, salaries and wages are projected to be \$7.6 million over budget. This is primarily in public safety combined with a large vacancy factor in some departments, such as Park and Recreation and Library. Meanwhile, departments are spending conservatively in other categories, primarily in contracts, to remain within budget bottom-line. Combined, General Fund operating departments are projected to be approximately \$1.2 million under budget. The General Fund Appropriated Reserve is not projected to be spent this fiscal year and accounts for the remaining \$2.4 million of the total \$3.6 million projected expenditure variance.

Similarly, large variances are seen in categories of revenues while the overall General Fund revenue projection is within 1 percent of budget. Departmental revenues are projected to be \$11.2 million under budget, which is offset by \$12.7 million of expected increases in major General Fund revenues. A variety of factors contribute to the projected departmental revenue shortfall, including the delayed implementation of the Parking Meter Utilization Plan and lower than anticipated reimbursements for services in the General Services and Engineering and Capital Projects Departments. Meanwhile, sales tax is projected to exceed budget by nearly \$17.0 million. These trends in expenditures and revenues are discussed in more detail throughout this report.

While a slightly positive outcome is currently projected for the General Fund this fiscal year, any use of the \$5.1 million projected surplus is not recommended at this time. Both revenues and expenditures are projected to be close to budgeted levels. Even a minor variation in these projections could swing either revenues or expenditures to a negative variance. There are several factors that could impact the current projections. For example, if there is an increase in retirements this fiscal year as the City experienced in Fiscal Year 2009, this could negatively impact the projections by as much as \$11.9 million in additional annual leave payouts. In addition, the City Comptroller's Office continues to correct Fiscal Year 2010 labor postings in order to close the fiscal year. As a result, it is unknown if the Fiscal Year 2010 ending General Fund reserve balance is sufficient to maintain the 7 percent reserve goal. Also, any change in economic conditions, such as increasing unemployment levels or property tax declines, could impact revenue projections. Finally, the *FY 2012-2016 Five-Year Financial Outlook*, issued February 7, 2011, projects a \$56.7 million deficit next fiscal year and further service reductions will be necessary to balance the Fiscal Year 2012 budget.

Despite total General Fund operating expenditures being under budget, transfers among current General Fund appropriations are requested in order to support ongoing operational needs this fiscal year, particularly for Police and Fire-Rescue. These requests are discussed in further detail in the Appropriation Adjustment section of this report.

## GENERAL FUND REVENUES

The current General Fund revenue budget for Fiscal Year 2011 is \$1.096 billion. Revenues through December reflect less than 1 percent variance from period-to-date budgets, which is consistent with year-end revenue projections. As displayed in Table 2: FY 2011 Actual and Projected General Fund Revenue, year-end revenues are projected to be over budget by \$1.5 million, or less than 1 percent.

**FY 2011 Actual and Projected General Fund Revenue**

**Table 2**

| <b>Actual/Projection</b> | <b>Budget</b>  | <b>Actual/<br/>Projection</b> | <b>Over Budget/<br/>(Under Budget)</b> | <b>Variance<br/>%</b> |
|--------------------------|----------------|-------------------------------|--|-----------------------|
| Actual through December  | \$ 336,505,267 | \$ 335,781,584                | \$ (723,683)                           | 0%                    |
| Year-End Projection      | 1,096,228,151  | 1,097,725,020                 | 1,496,869                              | 0%                    |

Departmental revenues are projected to be under budget by \$11.2 million, or 4 percent, due to a variety of factors including the delayed implementation of the Parking Meter Utilization Plan and lower than anticipated user fee revenues. Conversely, major General Fund revenues are projected to conclude the fiscal year \$12.7 million, or 2 percent, over budget. The net impact is that General Fund revenues are projected to be virtually on budget at fiscal year end. The following sections discuss the variances between revenue projections and the current budget for both major revenues and departmental revenues. Table 3: FY 2011 General Fund Revenue Projections by Category summarizes these revenue variances, which are detailed in Attachment I: General Fund Projected Revenues.

### FY 2011 General Fund Revenue Projections by Category

Table 3

| Revenue Source              | Current Budget          | Year-End Projection     | Over Budget/<br>(Under Budget) | Variance % |
|-----------------------------|-------------------------|-------------------------|--------------------------------|------------|
| Major General Fund Revenues | \$ 812,435,353          | \$ 825,152,566          | \$ 12,717,213                  | 2%         |
| Departmental Revenue        | 283,792,798             | 272,572,454             | (11,220,344)                   | 4%         |
| <b>Total</b>                | <b>\$ 1,096,228,151</b> | <b>\$ 1,097,725,020</b> | <b>\$ 1,496,869</b>            | <b>0%</b>  |

## Major Revenues

The Fiscal Year 2011 year-end projection for the General Fund major revenues is \$825.2 million, which is \$12.7 million, or 2 percent, above the current budget, as reflected in Table 4: FY 2011 Major General Fund Revenue Projections. The year-end projections for General Fund major revenues are based on current economic information and the most recent distributions of revenue to the City. Sales tax is the primary contributor to the positive revenue projections, with \$17.0 million of over budget revenue projected this fiscal year. Significant increases are also anticipated in transient occupancy tax, reimbursements from other funds for general governmental services, and General Fund interest earnings, while shortfalls are projected in property tax and franchise fees.

### FY 2011 Major General Fund Revenue Projections

Table 4

| Revenue Source                       | Current Budget        | Year-End Projection   | Over Budget/<br>(Under Budget) | Variance % |
|--------------------------------------|-----------------------|-----------------------|--------------------------------|------------|
| Property Tax                         | \$ 390,060,910        | \$ 382,148,076        | \$ (7,912,834)                 | 2%         |
| Sales Tax                            | 187,471,361           | 204,436,280           | 16,964,919                     | 9%         |
| Franchise Fees <sup>1</sup>          | 67,065,135            | 65,812,027            | (1,253,108)                    | 2%         |
| Transient Occupancy Tax <sup>2</sup> | 66,115,157            | 69,097,066            | 2,981,909                      | 5%         |
| Safety Sales Tax                     | 6,286,820             | 6,488,114             | 201,294                        | 3%         |
| Property Transfer Tax                | 4,685,604             | 4,902,715             | 217,111                        | 5%         |
| Motor Vehicle License Fees           | 3,142,922             | 3,150,669             | 7,747                          | 0%         |
| Other Major Revenue                  | 87,607,444            | 89,117,619            | 1,510,175                      | 2%         |
| <b>Total</b>                         | <b>\$ 812,435,353</b> | <b>\$ 825,152,566</b> | <b>\$ 12,717,213</b>           | <b>2%</b>  |

<sup>1</sup> Total City FY 2011 current revenue budget for franchise fees is \$130.0 million and the projection is \$121.2 million. The balance is budgeted in the Environmental Growth and Underground Surcharge Funds.

<sup>2</sup> Total City FY 2011 current revenue budget for transient occupancy tax is \$126.2 million and the projection is \$131.9 million. The balance is budgeted in the Transient Occupancy Tax Fund.

When the Fiscal Year 2011 Adopted Budget for major General Fund revenues was developed, forecasted economic conditions assumed continued stabilization and modest improvement for most local economic indicators. Table 5: Economic Indicators compares the economic indicators that were used in May 2010 during development of the Adopted Budget and the most recent information as of December.

## Economic Indicators

Table 5

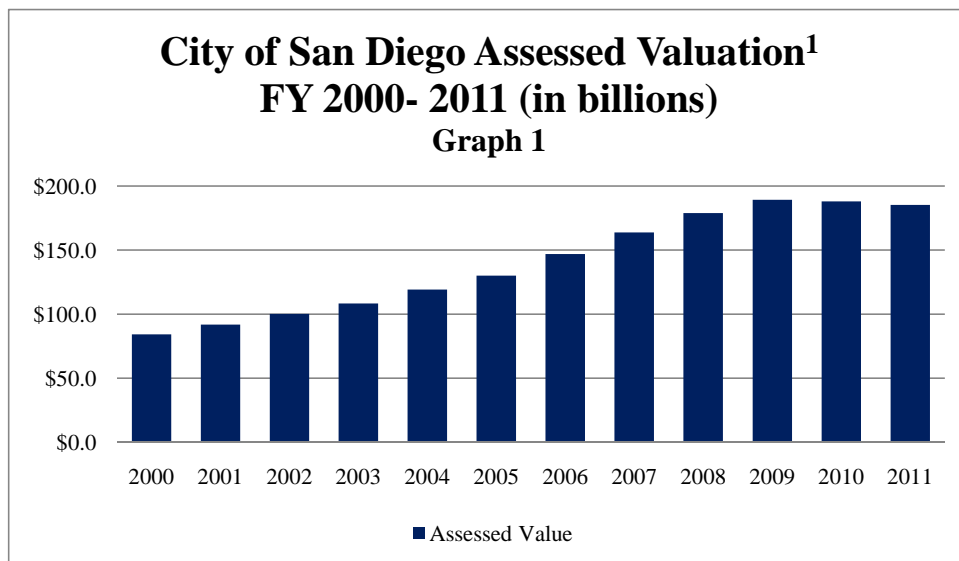
| Economic Indicator                | May 2010   | December 2010 | % Change |
|-----------------------------------|------------|---------------|----------|
| Unemployment                      | 10.1%      | 10.1%         | 0%       |
| Number of Unemployed              | 70,400     | 70,000        | -1%      |
| SD County Median Home Price       | \$ 351,279 | \$ 342,258    | -3%      |
| USD Index of Leading Econ. Indic. | 84.83      | 86.03         | 1%       |
| Foreclosures                      | 1,148      | 829           | -28%     |
| Notices of Default                | 1,798      | 1,833         | 2%       |

Source: California Employment Development Department, DataQuick Information Services, USD Index of Leading Economic Indicators, San Diego County Assessor / Auditor / Recorder's Office

Stabilization in many local economic indicators was experienced in the first half of this fiscal year, in contrast to the declines experienced in the two previous fiscal years. This stabilization has resulted in an increase in revenue sources that trend with current economic conditions, such as sales tax and transient occupancy tax. However, the General Fund's largest revenue source, property tax, is based on the prior fiscal years' performance in residential and commercial properties. As such, the property tax projection does not reflect the current positive economic trends. Due to the still uncertain economy, growth projections for the final months of the fiscal year remain conservative.

### Property Tax

The projection for property tax revenue is \$382.1 million, which is a \$7.9 million, or 2 percent, decrease from the current budget. This is partially due to a decline in the City of San Diego's total assessed valuation (AV), which was released by the County Assessor's Office after the Fiscal Year 2011 budget was adopted. Graph 1: City of San Diego Assessed Valuation displays the trends in AV.

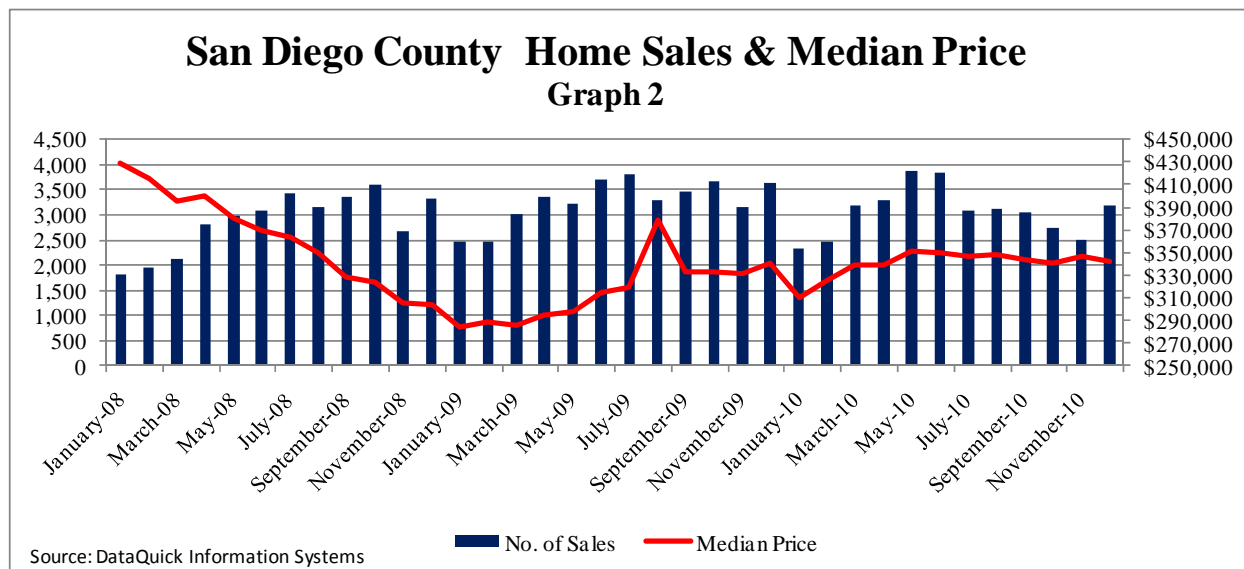


Source: San Diego County Assessor's Office

<sup>1</sup> As of January 1 of the prior calendar year.

In addition to the decline in the City's assessed value, the County is issuing a higher than projected amount of refunds as the result of reassessment appeals. These negative factors are partially offset by a projected increase in the property tax collection rate. The rate of property tax collection from homeowners is projected to increase 0.5 percent above budgeted levels.

While a decline in revenue is projected this fiscal year, there are signs in the current residential real estate market that indicate the market has begun to stabilize. Recent indicators reflect a reduction in notices of default and foreclosures and stabilization in home prices and sales as compared to the declines experienced in Fiscal Years 2008 and 2009. Calendar year 2010 countywide default notices and foreclosures were 35 percent and 13 percent below prior year levels, respectively. In addition, the median home price in the County as of December 2010 was \$342,258, a 0.5 percent increase over the December 2009 median home price of \$340,417 (DataQuick Information Systems). This trend is reflected in Graph 2: San Diego County Home Sales and Median Price.



While the residential market has experienced slight increases in home prices and declines in foreclosures and notices of default, these positive economic indicators are not reflected in the property tax projection for this fiscal year due to the lag time associated with when property tax receipts are received by the City. Therefore, the projection does not reflect the recent positive market activity. The decline in revenue forecasted for this fiscal year is reflective of the decline in home prices that occurred in Fiscal Years 2008 and 2009.

### Property Transfer Tax

The projection for property transfer tax is \$4.9 million, which is a \$217,000, or 5 percent, increase from the current budget. As seen in Table 6: San Diego County Housing Statistics, San Diego County's home sales increased for two consecutive fiscal years since the low levels experienced in Fiscal Year 2008. However, Fiscal Year 2011 year-to-date home sales are below Fiscal Year 2010 levels as of December 2010, possibly due to the elimination of the federal tax credit for first time home buyers.

**San Diego County Housing Statistics****Table 6**

| <b>Fiscal Year</b>                 | <b>Total Home Sales</b> | <b>Median Home Price</b> |
|------------------------------------|-------------------------|--------------------------|
| 2008                               | 30,310                  | \$ 370,000               |
| 2009                               | 37,751                  | 314,250                  |
| 2010                               | 43,019                  | 349,661                  |
| 2011 (as of December) <sup>1</sup> | 17,682                  | 342,258                  |

Source: DataQuick Information Systems

<sup>1</sup> Fiscal Year 2011 data is for the first half of the fiscal year, June to December 2010.

The property transfer tax projection includes the recent sales of large commercial properties that resulted in over \$100,000 of additional revenue to the City this fiscal year. The City continues to monitor large commercial transactions for potential revenue increases, in addition to monitoring the residential transactions.

**Sales Tax**

The projection for sales tax is \$204.4 million, which is a \$17.0 million, or 9 percent, increase from the current budget. Positive growth in taxable sales occurred in the first two quarters of Fiscal Year 2011, with growth reported in the general retail, food products, transportation, and business to business sectors. Gains in taxable sales in the first quarter of the fiscal year were mainly due to increases in sales at service stations and new automobile sales, while gains in the second quarter of the fiscal year were attributed to service station and department store sales. Declines continue in the construction sector, which has declined 7 percent since the same quarter in Fiscal Year 2010 (MuniServices, LLC). These trends are reflected in Table 7: Quarterly Sales Tax Revenue.

**Quarterly Sales Tax Revenue (in millions)****Table 7**

| <b>Economic Category</b> | <b>3rd Quarter<br/>CY 2009</b> | <b>3rd Quarter<br/>CY 2010</b> | <b>% Change</b> |
|--------------------------|--------------------------------|--------------------------------|-----------------|
| General Retail           | \$ 13.9                        | \$ 14.4                        | 4%              |
| Food Products            | 10.4                           | 10.6                           | 2%              |
| Transportation           | 8.6                            | 9.1                            | 6%              |
| Business to Business     | 7.2                            | 7.7                            | 8%              |
| Construction             | 3.4                            | 3.1                            | -7%             |
| Miscellaneous            | 1.0                            | 0.8                            | -16%            |

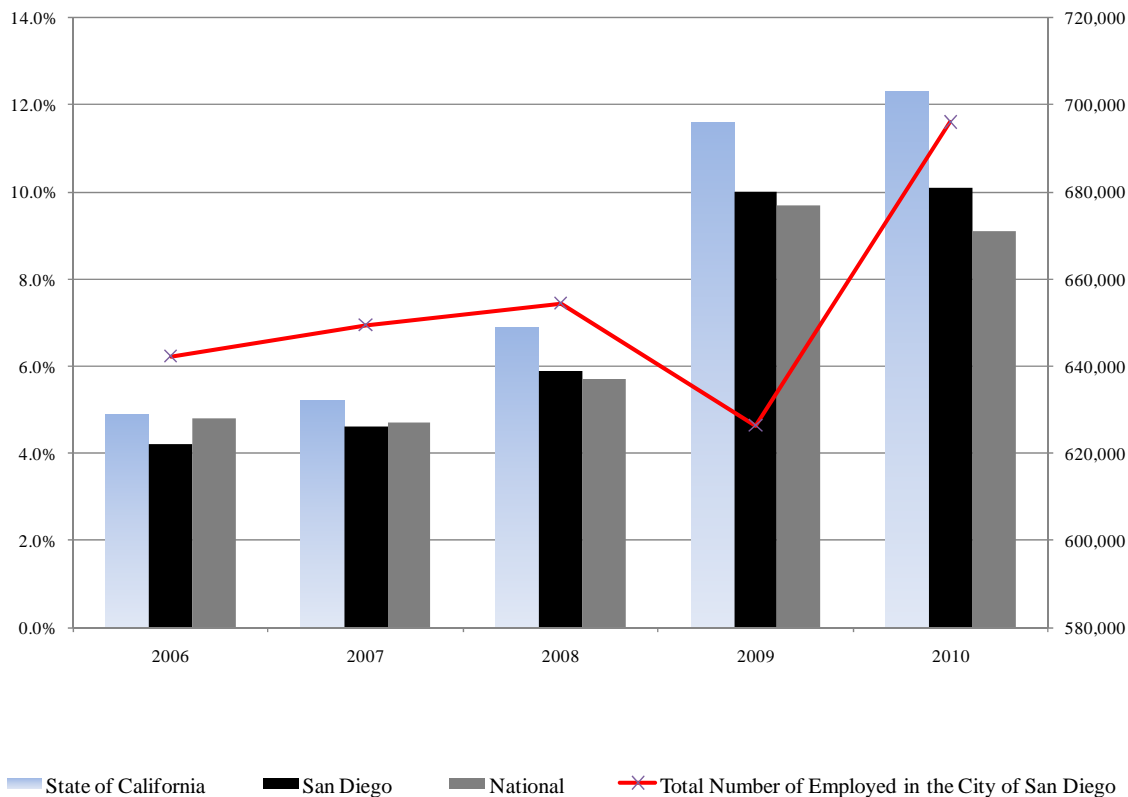
Source: MuniServices, LLC

According to the most recent (January 2011) forecast from the State Board of Equalization, State-wide taxable sales are forecasted to have an average growth of 5 percent in the final two quarters of this fiscal year. However, while consumer spending has seen an increase over the past two quarters, the City's projections for the remainder of the fiscal year reflect a conservative growth of 2 percent due to mixed economic indicators. In December 2010, the California



Employment Development Department reported the San Diego's unemployment rate at 10.1 percent and the State of California's unemployment rate at 12.3 percent. Unemployment rates for both San Diego and the State of California are still above the national unemployment rate of 9.1 percent, as reflected in Graph 3: Unemployment. As a result, conservative projections in sales tax growth are being used for the remainder of Fiscal Year 2011.

**Unemployment Calendar Year 2006 - 2010  
(Year End Levels)  
Graph 3**



### Safety Sales Tax

The projection for safety sales tax is \$6.5 million, which is \$201,000, or 3 percent, above the current budget. Moderate growth in taxable sales in the first two quarters of the fiscal year is primarily attributed to local retail and auto sales. Actual receipts through the first half of the fiscal year have increased this revenue source above budgeted levels while growth for the remainder of the fiscal year is forecasted conservatively at 2 percent. In general, safety sales tax receipts follow the same economic trends as sales tax receipts. However, it should be noted that the distribution of safety sales tax revenues to cities is based on a different allocation formula than the distribution of sales tax; therefore, this revenue does not entirely mirror the growth rate of sales tax revenue.

### Franchise Fees

The projection for franchise fee revenue in the major General Fund revenue category is \$65.8 million, which is a \$1.3 million, or 2 percent, decrease from the current budget. Franchise fee revenue results from agreements with private utility companies in exchange for the use of the City's rights-of-way. Currently, the City has franchise agreements with San Diego Gas and Electric (SDG&E), Cox Communications, Time Warner Cable, AT&T and refuse haulers. The revenue received from the above agreements is based on a percentage of gross sales. The projected decrease in franchise fee revenue is primarily the result of less than anticipated revenue of \$2.3 million from SDG&E due to a decrease in the electric surcharge for municipal customers and an overall decrease in electricity usage from calendar year 2009 to 2010. Additional detail will be available once SDG&E finalizes their figures for calendar year 2010 and remits payment to the City. The projection for cable fees is \$1.1 million above budget.

### Transient Occupancy Tax (TOT)

The total City TOT projection is \$131.9 million with \$69.1 million of this in the General Fund. This is a \$3.0 million, or 5 percent, increase from the current General Fund TOT budget. Travel demand increased in the last quarter of calendar year 2010 and is forecasted to continue during calendar year 2011, according to the December 2010 Quarterly Travel Forecast from the San Diego Convention and Visitors Bureau (CONVIS). CONVIS projected a 4 percent year-over-year growth in local overnight visitors for calendar year 2010 and a 3 percent growth for calendar year 2011. Growth in leisure travel has been steady; however, stronger business travel has spurred most of the growth nation-wide, with 4 percent growth estimated in calendar year 2010 and 3 percent growth projected for calendar year 2011. Room demand for the San Diego region reflects these positive indicators with expected growth of 7 percent and 2 percent for calendar years 2010 and 2011, respectively. The average daily rate is expected to reach \$126 in calendar year 2011, which is an estimated 4 percent increase over calendar year 2010. The average daily rate experienced a 12 percent decline in calendar year 2009. TOT receipts this fiscal year indicate a turnaround in tourism as revenue through December 2010 reflects a year-over-year growth of 7 percent. Table 8: San Diego County Visitor Industry displays these trends.

#### San Diego County Visitor Industry

Table 8

|                             | CY 2008   | CY 2009   | CY 2010   | CY 2011 <sup>1</sup> |
|-----------------------------|-----------|-----------|-----------|----------------------|
| <b>Visitors</b>             |           |           |           |                      |
| Total Visits (millions)     | 31.10     | 29.60     | 30.00     | 31.00                |
| Overnight Visits (millions) | 15.20     | 14.40     | 15.10     | 15.50                |
| <b>Hotel Sector</b>         |           |           |           |                      |
| Avg. Occupancy              | 69%       | 63%       | 67%       | 68%                  |
| Avg. Daily Rate             | \$ 141.94 | \$ 124.31 | \$ 121.14 | \$ 126.02            |
| Rev PAR <sup>2</sup>        | \$ 98.20  | \$ 78.21  | \$ 80.69  | \$ 85.68             |
| Room Demand (growth)        | -3%       | -6%       | 7%        | 2%                   |

Source: San Diego Convention and Visitors Bureau and Tourism Economics

<sup>1</sup> Forecast; Tourism Economics, December 2010

<sup>2</sup> Revenue Per Available Room (Average Occupancy multiplied by Average Daily Rate)

Despite this growth, the TOT projection remains conservative for the remainder of the fiscal year as TOT revenues are far from the Fiscal Year 2008 historical high of \$83.7 million for the General Fund, (\$159.3 million citywide). The TOT projection is based on the assumption of no growth in revenues for the remainder of the fiscal year as consumer spending could decline based on mixed economic information.

### **Motor Vehicle License Fees**

The projection for motor vehicle license fees (MVLFF) is \$3.2 million, which is on target with the current budget. This projection reflects continued market improvement offset by increased State administrative fees. The new vehicle market showed signs of improvement in the second half of calendar year 2010. New vehicle registrations in the State were up 13 percent from calendar year 2009 and the California New Car Dealers Association's Auto Outlook is projecting a similar increase in calendar year 2011. However, these revenue gains from new vehicle registrations are offset by increased administrative costs charged by the Department of Motor Vehicles (DMV). The DMV charges against the MVLFF revenues collected by the State and the net amount is allocated to the cities. Increases in DMV administrative costs in recent years continue to reduce the MVLFF allocation to the City.

### **Other Revenues**

The combined projection for all other major General Fund revenue is \$89.1 million, which is \$1.5 million, or 2 percent, above the current budget. Other revenues include general governmental services billing (GGSB) which is a reimbursement from other City funds that utilize General Fund services, one-time revenue transfers (including the \$24.6 million of property tax set-aside in Fiscal Year 2010 and \$9.5 million in undesignated fund balances to be transferred into the General Fund), the one-cent TOT transfer into the General Fund, redevelopment area tax increment sharing agreement revenue, interest earnings attributable to the General Fund from the City investment pool, and refuse collector business tax, among others.

The projected increase includes \$1.3 million in GGSB, \$600,000 in interest earnings, \$500,000 in the TOT transfer due to increased TOT revenues, and \$300,000 from the tax increment sharing agreement with the City's redevelopment agency. These increases are offset by a \$200,000 decrease in the projection for refuse collector business taxes due to lower current revenue amounts than projected and a decrease of \$1.0 million in the transfer from the Concourse and Parking Garages Fund to the General Fund due to reduced revenue projections.

### **Department Revenues**

Combined departmental General Fund revenues are projected to be under budget by \$11.2 million. Of this, \$3.2 million is offset by an equal reduction in expenditure projections associated with Proposition 1B revenue in the General Services Department. The delay in implementing the Parking Meter Utilization Plan accounts for \$2.6 million of the projected shortfall. Reduced reimbursements for services are projected in General Services and Engineering and Capital Projects while Fire-Rescue is projecting over budget revenue from reimbursements for services. Additional reductions are from revenue sources outside of departmental control, such as Environmental Growth Fund (EGF) reimbursements and lower than anticipated traffic citation, alarm permit and user fee revenues. Table 9: FY 2011 Significant General Fund Revenue

Variances by Department displays departments with projected under or over budget revenue variances of \$500,000 or greater. These variances are discussed following the table.

**FY 2011 Significant General Fund Revenue Variances by Department**

**Table 9**

| <b>Department</b>                | <b>Current<br/>Budget</b> | <b>Year-End<br/>Projection</b> | <b>Over Budget/<br/>(Under Budget)</b> | <b>Variance<br/>%</b> |
|----------------------------------|---------------------------|--------------------------------|--|-----------------------|
| General Services                 | \$ 38,648,265             | \$ 34,130,484                  | \$ (4,517,781)                         | 12%                   |
| City Treasurer                   | 25,804,395                | 23,171,635                     | (2,632,760)                            | 10%                   |
| Fire-Rescue                      | 15,044,130                | 17,261,906                     | 2,217,776                              | 15%                   |
| Engineering and Capital Projects | 63,455,860                | 61,335,312                     | (2,120,548)                            | 3%                    |
| Police                           | 39,072,150                | 37,232,970                     | (1,839,180)                            | 5%                    |
| Park and Recreation              | 27,178,063                | 26,135,261                     | (1,042,802)                            | 4%                    |

**General Services**

The General Services Department projects revenues to be under budget at fiscal year end by \$4.5 million, or 12 percent. The primary contributor is \$3.2 million of State Proposition 1B revenue. The slurry seal contract supported with this revenue will be issued directly against the Proposition 1B grant, rather than through the General Fund. This action has no net impact to the General Fund as both revenues and expenditures will be \$3.2 million less in General Services. The remaining \$1.3 million projected revenue shortfall is due to lower than anticipated reimbursements for services. The Fiscal Year 2011 Adopted Budget included an increase of \$3.4 million in revenue budget associated with Facilities and Street Division staff, which were reassigned to reimbursable work. While the Street Division is projecting to bring in more than the budgeted amount of revenue, research continues on the projected shortfall in Facilities Division revenue reimbursements..

**City Treasurer**

The City Treasurer Department projects to end the fiscal year with \$2.6 million, or 10 percent, of revenue under budget. This variance is primarily due to the delay in implementation of the Parking Meter Utilization plan that has not yet been approved by City Council. This item will return to the City Council with a proposed implementation plan.

**Fire-Rescue**

The Fire-Rescue Department projects to receive \$2.2 million, or 15 percent, of over budget revenue. This is the result of reimbursements for services provided to the Airport Authority, Port District, Strike Team deployment and Emergency Medical Transport services. This additional revenue offsets a portion of the over budget overtime expense projected in the Fire-Rescue Department, as discussed in the General Fund expenditures section of this report.

**Engineering and Capital Projects**

The Engineering and Capital Projects Department projects revenues to be under budget at fiscal year end by \$2.1 million, or 3 percent. This is due to lower than anticipated reimbursements for services. Staff in the department primarily charge to capital projects, which results in revenue to

the General Fund. The cause for this projected shortfall in revenue reimbursement is being researched.

### **Police**

The Police Department expects to conclude the fiscal year with \$1.8 million, or 5 percent, of revenue under budget. This unfavorable revenue variance is primarily due to a decline in traffic citations and alarm permit fees.

### **Park and Recreation**

The Park and Recreation Department projects revenues to be under budget at fiscal year end by \$1.0 million, or 4 percent. Reimbursements from the Environmental Growth Fund are projected to be approximately \$756,000 under budget due to reduced San Diego Gas & Electric (SDG&E) franchise fee revenues. In addition, the department is experiencing reduced revenue for services in the areas of building use/room rentals, athletic field rentals, and burials/cemetery services as a result of the economy, as well as other factors.

## **GENERAL FUND EXPENDITURES**

The total Fiscal Year 2011 General Fund current expenditure budget is \$1.096 billion. Expenditures through December are under the period-to-date budget by \$16.9 million, or 3 percent. A delayed transfer from the General Fund Department of Information Technology to the OneSD Support Fund accounts for \$10.2 million of this variance. The balance is due to a variety of contract delays and reduced contract expenditures as reflected in the year-end projections. Year-end projections show under budget expenditures of \$3.6 million, or less than 1 percent, as shown in Table 10: FY 2011 Actual and Projected General Fund Expenditures.

**FY 2011 Actual and Projected General Fund Expenditures**

**Table 10**

| <b>Actual/Projection</b> | <b>Budget</b>  | <b>Actual/<br/>Projection</b> | <b>Under Budget/<br/>(Over Budget)</b> | <b>Variance<br/>%</b> |
|--------------------------|----------------|-------------------------------|--|-----------------------|
| Actual through December  | \$ 550,179,934 | \$ 533,273,559                | \$ 16,906,375                          | 3%                    |
| Year-End Projection      | 1,096,228,151  | 1,092,626,357                 | 3,601,794                              | 0%                    |

### **Expenditures by Category**

The General Fund Appropriated Reserve accounts for \$2.4 million of the \$3.6 million projected expenditure variance. Conservative spending, primarily in contracts and supplies, offsets much of projected over budget expenditures in salaries and wages throughout General Fund departments. The projected overage in salaries and wages is primarily in the Fire-Rescue Department. This data is displayed in Table 11: FY 2011 General Fund Expenditure Projections by Category. A detailed discussion of expenditure variances follows.

## FY 2011 General Fund Expenditure Projections by Category

Table 11

| Expenditure Type       | Current Budget          | Year-End Projection     | Under Budget/<br>(Over Budget) | Variance % |
|------------------------|-------------------------|-------------------------|--------------------------------|------------|
| Salaries and Wages     | \$ 478,598,954          | \$ 486,196,226          | \$ (7,597,272)                 | 2%         |
| Fringe Benefits        | 311,243,916             | 311,579,075             | (335,159)                      | 0%         |
| Contracts              | 161,117,691             | 155,041,385             | 6,076,306                      | 4%         |
| Other                  | 53,097,075              | 52,379,615              | 717,460                        | 1%         |
| Energy and Utilities   | 33,155,573              | 32,650,809              | 504,764                        | 2%         |
| Information Technology | 26,754,919              | 26,737,908              | 17,011                         | 0%         |
| Supplies               | 22,868,962              | 21,851,293              | 1,017,669                      | 4%         |
| Debt                   | 4,252,459               | 4,059,880               | 192,579                        | 5%         |
| Capital Expenditure    | 2,694,233               | 2,130,167               | 564,066                        | 21%        |
| Appropriated Reserve   | 2,444,368               | -                       | 2,444,368                      | 100%       |
| <b>Total</b>           | <b>\$ 1,096,228,151</b> | <b>\$ 1,092,626,357</b> | <b>\$ 3,601,794</b>            | <b>0%</b>  |

### Salaries and Wages

Salaries and Wages are projected to exceed budget by \$7.6 million, or 2 percent. This is primarily due to increases in overtime (primarily in the Fire-Rescue Department), payout of annual leave in-lieu of taking vacation, and lower than anticipated vacancy savings. Vacancy savings is an estimate used to account for attrition and reduces the annual salaries and wages budget. The Park and Recreation and Library Departments are projecting over budget expenditures of approximately \$1.4 million and \$377,000, respectively, in salaries due to lower than expected vacancy savings. The Fire-Rescue Department is projecting to go over in salaries by \$4.6 million primarily due to increases in vacation time, payout of annual leave in-lieu of taking vacation and overtime related to reimbursable activities. Increases in overtime are also projected in the Engineering and Capital Projects, Storm Water (due to the recent winter storms) and General Services Departments.

### Fringe Benefits

General Fund fringe benefits are projected to end the fiscal year at \$335,000 over budget, which is less than 1 percent over the \$311.2 million budget. This slight projected deficit is the result of certain fixed or obligated fringe benefits being reallocated among City funds and departments based upon actual and projected personnel activity. These fixed or obligated fringe benefits include SDCERS Annual Required Contribution (ARC), Retiree Healthcare Contribution (Pay-Go), Other Post-Employment Benefits (OPEB), Workers' Compensation, the Risk Management Administration, Long-Term Disability, and Unemployment Insurance. When the Fiscal Year 2011 Adopted Budget was developed, these expenses were distributed among City departments and funds based upon budgeted positions; however, actual expenditures to-date combined with year-end projections reflect shifts in personnel activity from the budgeted amounts. The total City requirement for these fixed or obligated fringe benefits is \$321.2 million. The General Fund is projected to incur \$244.0 million of these costs with the balance allocated to other City funds. Fringe benefits collection rate adjustments will continue to occur as necessary throughout the fiscal year to ensure these fringe benefits are fully collected by fiscal year end. Fringe benefits

projection by account are displayed in Table 12: FY 2011 General Fund Fringe Benefits Budget and Projections.

**FY 2011 General Fund Fringe Benefits Budget and Projections**

**Table 12**

| <b>Fringe Benefits Account</b>    | <b>Current<br/>Budget</b> | <b>Year-End<br/>Projection</b> | <b>Under Budget/<br/>(Over Budget)</b> | <b>Variance<br/>%</b> |
|-----------------------------------|---------------------------|--------------------------------|--|-----------------------|
| Retirement ARC <sup>1</sup>       | \$ 177,582,011            | \$ 176,646,978                 | \$ 935,033                             | 1%                    |
| Flexible Benefits                 | 37,654,981                | 37,559,052                     | 95,929                                 | 0%                    |
| Retiree Healthcare Contribution   | 22,803,557                | 22,920,480                     | (116,923)                              | 1%                    |
| Other Post-Employment Benefits    | 17,389,811                | 17,508,218                     | (118,407)                              | 1%                    |
| Workers' Compensation             | 14,945,268                | 15,855,974                     | (910,706)                              | 6%                    |
| Supplemental Pension Savings Plan | 9,123,030                 | 8,915,768                      | 207,262                                | 2%                    |
| Employee Offset Savings           | 8,957,699                 | 9,085,302                      | (127,603)                              | 1%                    |
| Risk Management Administration    | 6,219,766                 | 6,268,780                      | (49,014)                               | 1%                    |
| Medicare                          | 5,287,390                 | 5,934,822                      | (647,432)                              | 12%                   |
| Retirement Offset Contribution    | 4,790,259                 | 4,035,452                      | 754,807                                | 16%                   |
| Long-Term-Disability              | 3,823,566                 | 3,786,655                      | 36,911                                 | 1%                    |
| Retirement DROP                   | 1,408,944                 | 1,681,061                      | (272,117)                              | 19%                   |
| Other Fringe Benefits             | 1,257,634                 | 1,380,533                      | (122,899)                              | 10%                   |
| <b>Total</b>                      | <b>\$ 311,243,916</b>     | <b>\$ 311,579,075</b>          | <b>\$ (335,159)</b>                    | <b>0%</b>             |

<sup>1</sup> Total City FY 2011 projection for the Retirement ARC is \$229.1 million. The balance is projected in the non-general funds.

### **Contracts**

General Fund departments are projected to be \$6.1 million, or 4 percent, under budget in contracts at fiscal year end. Of this amount, \$3.2 million is related to a slurry seal contract in General Services that will be charged directly to a grant. The City Planning and Community Investments Department is expecting \$729,000 of savings due to delays in community plan updates and other projects. Citywide Program Expenditures is projected to expend \$726,000 less in the contracts category primarily due to reduced election costs and savings from the Redistricting Commission. A variety of other departments contribute to the overall projected savings in General Fund contracts, including the City Treasurer, Storm Water, Public Utilities' Reservoir Recreation, Real Estate Assets, Development Services, City Auditor, and Library Departments. These projected savings are primarily due to either reduced costs or contract delays. Meanwhile, the Environmental Services Department is expecting approximately \$920,000 of over budget expenses associated with the exploration of the divestiture of the City landfill, increased tonnage costs, and other non-personnel expenditures.

### **Other Expenditure Categories**

General Fund projections reflect spending in the areas of energy and utilities, information technology, supplies, debt and other to be at or slightly below the current budget.

## Department Expenditures

Table 13: FY 2011 Significant General Fund Expenditure Variances by Department, displays the departments with projected over or under budget expenditure variances of \$500,000 or greater. These variances are discussed following the table. Attachment II: General Fund Projected Expenditures includes projections for all General Fund departments.

| FY 2011 Significant General Fund Expenditure Variances by Department |                |                     |                             |            |  |
|--|----------------|---------------------|-----------------------------|------------|--|
| Table 13   |                |                     |                             |            |  |
| Department   | Current Budget | Year-End Projection | Under Budget/ (Over Budget) | Variance % |  |
| Police   | \$ 384,844,349 | \$ 389,363,192      | \$ (4,518,843)              | 1%         |  |
| General Services   | 63,317,443     | 59,661,820          | 3,655,623                   | 6%         |  |
| Fire-Rescue  | 181,901,923    | 185,274,481         | (3,372,558)                 | 2%         |  |
| Environmental Services   | 32,561,646     | 34,071,420          | (1,509,774)                 | 5%         |  |
| City Attorney  | 41,884,483     | 40,522,153          | 1,362,330                   | 3%         |  |
| City Planning and Community Inv.                                     | 13,581,643     | 12,505,360          | 1,076,283                   | 8%         |  |
| Citywide Program Expenditures  | 41,889,835     | 40,922,101          | 967,734                     | 2%         |  |
| Engineering and Capital Projects                                     | 66,524,185     | 67,178,542          | (654,357)                   | 1%         |  |

### Police

The Police Department projects to end the fiscal year with expenditures over budget by \$4.5 million, or 1 percent. The majority of this variance is due to fringe benefits being reallocated among departments due to vacancies citywide. The Police Department accounts for approximately 30 percent of the City workforce and is impacted by approximately \$3.4 million from these reallocations. (See the Fringe Benefits section on the previous page for more information.) The department also projects over budget expenses in overtime and cell phone usage that were able to be absorbed in prior years due to projected savings in other areas.

### General Services

The General Services Department projects to end the fiscal year with \$3.7 million, or 6 percent, of expenditures under budget. The slurry seal contract supported by \$3.2 million of State Proposition 1B funding will be issued directly against the Proposition 1B grant, rather than through the General Fund. This action has no net impact to the General Fund as both revenues and expenditures will be \$3.2 million less in General Services. An appropriation adjustment is requested to reduce both the expenditure and revenue budget associated with the Proposition 1B grant (see the Appropriation Adjustments section of this report). The remaining projected savings is due to higher than anticipated vacancy savings associated with 5.00 FTE vacant positions.

### Fire-Rescue

The Fire-Rescue Department projects \$3.4 million, or 2 percent, of expenditures over budget. This is due to higher than anticipated personnel costs associated with vacation time, payout of annual leave in-lieu of taking vacation and over expenditures in overtime. The department also projects \$2.2 million of over budget revenue reimbursements for a portion of the overtime performed, which partially offsets the projected expenditure overage. An appropriation



adjustment is requested to bring the Fire-Rescue Department budget in line with projected expenditures and will be partially offset with the projected over budget revenue (see the Appropriation Adjustments section of this report).

### **Environmental Services**

The Environmental Services Department projects to end the fiscal year with expenditures over budget by \$1.5 million or 5 percent. Unbudgeted contractual expenditures associated with the exploration of the sale of Miramar Landfill account for \$500,000 of the projected overage. The department also projects approximately \$780,000 of over budget personnel expenses due to less than anticipated vacancies. The remaining \$420,000 is associated with higher than anticipated tonnage collected and disposed and other non-personnel expenses. An appropriation adjustment is requested to support the majority of these projected over budget expenditures (see the Appropriation Adjustments section of this report).

### **City Attorney**

The City Attorney is projecting to end the fiscal year with expenditures under budget by \$1.4 million or 3 percent. This is due to higher than anticipated vacancy savings resulting from attrition.

### **City Planning and Community Investment**

The City Planning and Community Investment Department is projecting to end the fiscal year with expenditures \$1.1 million, or 8 percent, under budget. Approximately \$729,000 of this is due to delays in community plan updates and the Phyllis Place project, which will continue into Fiscal Year 2012. The department also projects savings in personnel expenses due to 2.00 FTE vacant positions.

### **Citywide Program Expenditures**

Citywide Program Expenditures is projected to be under budget by \$1.0 million, or 2 percent. Projected savings are from lower than anticipated election costs, reduced interest expense for the General Fund Tax and Revenue Anticipation Notes (TRANs) than what was projected at the time the budget was developed, and anticipated savings from the Redistricting Commission beginning midyear.

### **Engineering and Capital Projects**

The Engineering and Capital Projects Department projects to end the fiscal year with expenditures \$654,000, or 1 percent, over budget. This is primarily due to increased overtime to meet operational staffing needs due to vacancies in the department and higher than anticipated payout of annual leave in-lieu of taking vacation.

## NON-GENERAL FUNDS

Projections based on the first six accounting periods of Fiscal Year 2011 are provided in Attachment III: Non-General Fund Projections for all non-general funds with staff. This information addresses operating expenditures only. Capital Improvements Program expenditures are not included in the current budget or projections provided in this report. Those funds with significant budgetary variances in revenues or expenditures of \$500,000 or more are displayed in Table 14: FY 2011 Significant Non-General Fund Expenditure Variances and are discussed below.

### FY 2011 Significant Non-General Fund Variances

Table 14

| Fund                          | Revenue/Expenditure | Current Budget | Year-End Projection | Variance Amount | Variance % |
|-------------------------------|---------------------|----------------|---------------------|-----------------|------------|
| Concourse and Parking Garages | Rev                 | \$ 3,550,804   | \$ 2,956,147        | \$ (594,657)    | 17%        |
|                               | Exp                 | 3,532,522      | 2,505,951           | 1,026,571       | 29%        |
| Development Services          | Rev                 | \$ 45,868,370  | \$ 37,389,358       | \$ (8,479,012)  | 18%        |
|                               | Exp                 | 41,144,859     | 36,006,132          | 5,138,727       | 12%        |
| Fire/EMS Transportation Prog. | Rev                 | 5,859,620      | 7,459,822           | 1,600,202       | 27%        |
|                               | Exp                 | 4,548,284      | 6,202,341           | (1,654,057)     | 36%        |
| Fleet Services Operating      | Rev                 | 45,865,965     | 47,549,738          | 1,683,773       | 4%         |
| Golf Course                   | Rev                 | 17,046,500     | 16,270,132          | (776,368)       | 5%         |
| Information Technology        | Exp                 | 3,513,894      | 4,431,665           | (917,771)       | 26%        |
| Publishing Services           | Rev                 | 5,843,953      | 4,898,739           | (945,214)       | 16%        |
|                               | Exp                 | 5,843,953      | 4,751,489           | 1,092,464       | 19%        |
| Recycling                     | Rev                 | 18,403,094     | 20,588,582          | 2,185,488       | 12%        |
|                               | Exp                 | 19,744,046     | 18,943,585          | 800,461         | 4%         |
| Refuse Disposal               | Exp                 | 34,460,454     | 30,264,243          | 4,196,211       | 12%        |
| Sewer Utility                 | Rev                 | 505,415,480    | 506,888,995         | 1,473,515       | 0%         |
|                               | Exp                 | 346,204,055    | 309,752,079         | 36,451,976      | 11%        |
| Underground Surcharge         | Rev                 | 50,907,693     | 44,104,648          | (6,803,045)     | 13%        |
|                               | Exp                 | 77,254,269     | 69,944,114          | 7,310,155       | 9%         |
| Water Utility Operating       | Exp                 | 425,139,718    | 417,413,368         | 7,726,350       | 2%         |

### Concourse and Parking Garages Operating Fund

The Concourse and Parking Garages Operating Fund is projecting revenues to be under budget by \$595,000, or 17 percent, and expenditures to be under budget by \$1.0 million, or 29 percent. The projected revenue shortfall is due to less than anticipated special event parking on nights and weekends. The expenditure variance reflects a reduced projected transfer to the General Fund of excess funding due to the reduced revenue projection and lack of fund balance to support the full budgeted transfer. This is reflected as a reduction in the major General Fund revenues. The fund projects to end the fiscal year with revenues \$450,000 in excess of operating expenditures. This

\$450,000 is budgeted in a capital project to install automated parking garage equipment at the Evan V. Jones Parkade.

### **Development Services Fund**

Revenues in the Development Services Fund are projected to be \$8.5 million, or 18 percent, under budget while expenditures are projected to be \$5.1 million, or 12 percent, under budget. Revenues and expenditures are both projected under budget primarily due to less than anticipated development permit activity. In addition, approximately \$1.0 million of the projected revenue shortfall is due to fees waived to rebuild homes and businesses destroyed in the October 2007 fires. The fund projects to end the fiscal year with \$1.4 million of revenue in excess of expenditures.

### **Fire/Emergency Medical Services Transportation Program Fund**

The Fire/Emergency Medical Services Transportation Program Fund's revenue projection is over budget by \$1.6 million or 27 percent. Similarly, the expenditure projection is over budget by \$1.7 million or 36 percent. The fund is experiencing lower than anticipated vacancy savings, this is offset by the additional reimbursements projected to be received from San Diego Medical Services Enterprise, LLC. An appropriation adjustment is requested to bring the budget in line with projected expenditures (see the Appropriation Adjustments section of this report). The fund projects to end the fiscal year with \$1.3 million of revenue in excess of expenditures.

### **Fleet Services Operating Fund**

The Fleet Services Operating Fund projects revenues to be over budget by \$1.7 million or 4 percent. This is primarily due to delays in other City departments returning underutilized vehicles. As a result, City departments continued to pay usage charges on these vehicles, resulting in additional unanticipated revenues to the Fleet Services Operating Fund. The fund projects to end the fiscal year with \$4.1 million of expenditures in excess of revenues, which will be covered by excess fund balance from prior years.

### **Golf Course Fund**

Revenue for the Golf Course Fund is projected to be \$776,000, or 5 percent, under budget. This is due to a decline in rounds of golf played likely resulting from a lengthier rainy season and the annual increase in fees for non-residential users per Golf's 5-year business plan, among other factors. The fund projects to end the fiscal year with \$1.9 million of revenue in excess of expenditures.

### **Information Technology Fund**

The Information Technology Fund projects \$918,000, or 26 percent, in over budget expenditures. This is due to a variety of unbudgeted expenditures, including 4.00 FTE positions, contractual expenses for graphics design and Web domain name memberships, the second and third phases of the outsourcing consulting contract, data loss prevention security, legacy application shutdown, and other underfunded information technology costs. Of the 4.00 FTE positions, three were filled but not funded when the budget was developed. One is a Program Manager and two are SanGIS positions that are offset by over budget revenue. The fourth position provides executive support. An appropriation adjustment is requested to bring the budget in line with projected expenditures (see the Appropriation Adjustments section of this report). Year-end

expenditures are expected to exceed revenues by approximately \$738,000, which will be covered by fund balance.

### **Publishing Services Fund**

The Publishing Services Fund's revenue is projected to be \$945,000, or 16 percent, under budget. Similarly, expenditures are projected to be \$1.1 million or 19 percent, under budget. Both revenue and expenditure variances are due to fewer reproduction requests from other City departments as a result of web based technology and other cost saving measures. The fund projects to end the fiscal year with \$147,000 of revenue in excess of expenditures.

### **Recycling Fund**

The Recycling Fund projects revenues to end the fiscal year \$2.2 million, or 12 percent, over budget. Expenditures are projected to be \$800,000, or 4 percent, under budget. A variety of factors contribute to the additional revenue projected, including \$800,000 in unclaimed customer deposits associated with the Construction and Debris Diversion Ordinance. The Fiscal Year 2011 budget removed revenue from the California Redemption Value State reimbursements in anticipation of State budget cuts; however, this did not occur and the Recycling Fund projects to receive \$600,000 from this revenue source. In addition, the fund has received \$417,000 in reimbursements for prior year expenses associated with the Zone Recycling Program (that has since been eliminated). Approximately \$439,000 of the expenditures variance is due to delayed maintenance for the Household Hazardous Waste facility located at the Miramar Landfill, pending analysis on the potential sale of the landfill. Additional projected savings are due to conservative spending and decreased demand for recycling and greenery containers. The fund projects to end the fiscal year with \$1.6 million of revenues in excess of expenditures.

### **Refuse Disposal Fund**

The Refuse Disposal Fund projects to end the fiscal year with \$4.2 million, or 12 percent, of expenditures under budget. This variance is attributed to a decline in tonnage being deposited in the City landfill, which results in reduced processing expenses and regulatory fees. Year-end expenditures are projected to exceed revenues by approximately \$640,000, which will be covered by fund balance.

### **Sewer Utility Funds**

The Sewer Utility Funds are projecting revenues to be over budget by \$1.5 million, or less than 1 percent, and expenditures to be under budget by \$36.5 million, or 11 percent, at fiscal year end. Revenue is projected slightly over budget due to increased commercial and residential permit activities and groundwater discharge fees paid by developers. Approximately \$7.0 million of the projected expenditure savings is due to renewing the ADS Environmental Services contract. This contract renewal eliminated the need for new meters and various supplies that were included in the budget. The projected contract savings is also related to a delay in the cleaning of large diameter pipes, pending the Environmental Protection Agency's approval of Public Utilities' hydraulic/sediment transport analysis. Savings of \$11.0 million are projected for gas, electricity and debt payments due primarily to a more accurate distribution among the Water and Sewer Funds. Chemical expenses are projected to be \$3.0 million under budget due to reduced prices and lower usage. Additional savings of \$2.3 million are expected from the budgeted contingency reserve that is not planned to be fully spent. Vacancies in the department also contribute to the

projected savings. Year-end revenues are expected to exceed operating expenditures by approximately \$197.1 million. This revenue combined with fund balance supports the Sewer Utility Capital Improvements Program.

#### **Underground Surcharge Fund**

Revenues in the Underground Surcharge Fund are projected to be \$6.8 million, or 13 percent, below budget at fiscal year end. Similarly, expenditures are projected to be \$7.3 million, or 9 percent, under budget. The projected decline in revenues is due to a lower estimate from San Diego Gas & Electric (SDG&E) franchise fees resulting from a decrease in the electric municipal surcharge and reduced electricity usage by SDG&E customers. The projected reduction in expenditures is related to the reduction in revenue and has no impact on projects planned for this fiscal year. The fund is projecting expenditures to exceed revenues by \$25.8 million at fiscal year end, which will be covered by fund balance that has accrued in anticipation of current and future projects.

#### **Water Utility Operating Fund**

The Water Utility Operating Fund projects year-end expenditures to be under budget by \$7.7 million, or 2 percent. This variance is primarily due to the \$5.3 million budgeted contingency reserve that is not planned to be spent. Lower than anticipated water usage results in approximately \$3.0 million less projected for water purchases. In addition, \$1.0 million of savings are anticipated in from less trench restoration work. Year-end revenues are expected to exceed operating expenditures by approximately \$101.1 million. This revenue combined with fund balance supports the Water Utility Capital Improvements Program.

## APPROPRIATION ADJUSTMENTS

The following appropriation adjustments are requested to support certain departments with projected over budget expenditures. The requested adjustments for General Fund departments are either offset by revenue or transfers from the General Fund Appropriated Reserve. This will maintain a balanced General Fund budget. Adjustments for non-general funds are supported by additional revenues or fund balance. Finally, adjustments are requested to fund the installation of the generator for the City's backup emergency operations center. Other departments and funds projecting over budget expenditures will be monitored and additional budget adjustments may be requested before the end of the fiscal year. The requested changes are summarized in Table 15: FY 2011 Mid-Year Appropriation Adjustments.

### FY 2011 Mid-Year Appropriation Adjustments

Table 15

| <b>Fund/Department</b>                                  | <b>Expenditures<br/>Increase/(Decrease)</b> | <b>Revenue</b> | <b>Net Impact</b> |
|---|---|----------------|-------------------|
| <b>General Fund</b>                                     |   |                |                   |
| Fire-Rescue   | \$ 3,372,558                                | \$ 2,217,776   | \$ (1,154,782)    |
| Environmental Services                                  | 1,289,586                                   | -              | (1,289,586)       |
| Appropriated Reserve                                    | (2,444,368)                                 | -              | 2,444,368         |
| General Services  | (3,250,708)                                 | (3,250,708)    | -                 |
| General Fund Total                                      | \$ (1,032,932)                              | \$ (1,032,932) | \$ -              |
| <b>Non-General Funds</b>                                |   |                |                   |
| Fire/EMS Transportation Prog.                           | \$ 1,655,000                                | \$ 1,600,000   | \$ (55,000)       |
| Information Technology                                  | 918,000                                     | 183,000        | (735,000)         |
| <b>Capital Improvements Program</b>                     |   |                |                   |
| Emergency Operations Center Generator (project S-10133) |   |                |                   |
| General Fund Contrib. to CIP                            | \$ 147,571                                  |                |                   |
| Cities Readiness Initiative                             | 80,000                                      |                |                   |
| Water Utility CIP                                       | 52,085                                      |                |                   |
| Sewer Utility CIP                                       | 48,872                                      |                |                   |
| Development Services                                    | 11,390                                      |                |                   |
| Refuse Disposal CIP                                     | 6,257                                       |                |                   |
| Recycling CIP   | 3,825                                       |                |                   |
| Project Total   | \$ 350,000                                  |                |                   |

### General Fund Appropriation Adjustments

Transfers of expenditure appropriations among General Fund departments are required to support projected over budget expenditures in certain areas. Additional adjustments are offset by revenue. The result is a reduction of \$1.0 million to both revenue and expenditure appropriations in the General Fund, maintaining a balanced budget.

**Fire-Rescue**

The Fire-Rescue Department requires a \$3.4 million increase in expenditure appropriations due to higher than anticipated payout of annual leave and overtime. This expenditure increase is partially supported by an increase of \$2.2 million of revenue from reimbursements for a portion of the overtime performed. The remaining amount will be transferred from the General Fund Appropriated Reserve.

**Environmental Services**

The Environmental Services Department projects to end the fiscal year with expenditures over budget by \$1.5 million due to unbudgeted contractual expenditures associated with the exploration of the sale of Miramar Landfill, less than anticipated vacancies, tonnage collected and disposed, and other non-personnel expenses. At this time, an adjustment of \$1.3 million is requested from the remaining balance of the General Fund Appropriated Reserve.

**Appropriated Reserve**

The current balance of the General Fund Appropriated Reserve is \$2.4 million. This entire amount is requested to be transferred to the Fire-Rescue and Environmental Services Departments as discussed above.

**General Services**

The \$3.2 million slurry seal contract supported by State Proposition 1B funding will be issued directly against the Proposition 1B grant, rather than through the General Fund. A reduction of both revenue and expenditure appropriations of \$3.2 million in the General Services Department is requested to reflect this change.

**Non-General Fund Appropriation Adjustments**

Adjustments for non-general funds are supported by additional revenues or fund balance.

**Fire/Emergency Medical Services Transportation Program Fund**

The Fire/Emergency Medical Services Transportation Program Fund requires an approximately \$1.7 million expenditure increase due to lower than anticipated vacancy savings. This is supported by \$1.6 million of additional revenue and fund balance.

**Information Technology Fund**

The Information Technology Fund requires a \$918,000 increase in expenditure appropriations to support a variety of unbudgeted expenditures as discussed earlier in this report. This expenditure adjustment is offset by \$183,000 in revenue with the remaining coming from fund balance.

**Capital Improvements Program (CIP) Appropriation Adjustments**

Funding is requested to install a generator for the City's backup emergency operations center.

**Emergency Operations Center – Ridgehaven Backup Generator Project S-10133**

Funding has been identified to install a generator at the City's Ridgehaven Court facility, the City's backup emergency operations center (EOC). The cost will be allocated to the funds that participate in the EOC. Appropriations of \$350,000 are requested from the General Fund Contributions to CIP Fund (\$147,571, which is included in the projections for Citywide Program

Expenditures), Cities Readiness Initiative Grant (\$80,000), Water Utility CIP Fund (\$52,085), Sewer Utility CIP Funds (\$48,872), Development Services Fund (\$11,390), Refuse Disposal CIP Fund (\$6,257), and Recycling CIP Fund (\$3,825).



## CONCLUSION

The net impact of the General Fund year-end projections is \$5.1 million of revenue in excess of expenditures. Appropriation increases are requested within the General Fund to balance certain departments that project significant over budget expenditures. These departments are the Fire-Rescue and Environmental Services Departments. Increases in these departments are partially offset by revenue adjustments and the balance will be transferred from the General Fund Appropriated Reserve. Other General Fund departments projecting over budget expenditures will be monitored and additional budget adjustments may be requested before the end of the fiscal year. A reduction of both revenue and expenditure appropriations is requested for the General Services Department. The result is a requested reduction of \$1.0 million to both General Fund revenue and expenditure appropriations, maintaining a balanced budget. Adjustments are also requested for the Information Technology, Fire/Emergency Medical Services Transportation Program, Transient Occupancy Tax and Convention Center Expansion Funds. In addition, appropriations are requested for installation of a generator at the City's Ridgehaven Court facility, the City's backup emergency operations center.

Due to the continuing economic uncertainty and the very small variance to budget, any use of the projected \$5.1 million surplus, including service restorations, is not recommended at this time.

## ATTACHMENTS

- I. General Fund Projected Revenues
- II. General Fund Projected Expenditures
- III. Non-General Fund Projections

|  |
|--|
| <b>General Fund Projected Revenues</b> |
|--|

| Business Center/Department                          | Adopted<br>Budget     | Current<br>Budget     | Year-End<br>Projection | Over Budget/<br>(Under Budget) | Variance<br>% |
|---|-----------------------|-----------------------|------------------------|--------------------------------|---------------|
| <b>Major General Fund Revenues</b>                  |                       |                       |                        |                                |               |
| Charges for Current Services                        | \$ 21,324,370         | \$ 21,324,370         | \$ 22,584,998          | \$ 1,260,628                   | 6%            |
| Franchise Fees <sup>1</sup>                         | 67,065,135            | 67,065,135            | 65,812,027             | (1,253,108)                    | 2%            |
| Interest and Dividends                              | 1,655,994             | 1,655,994             | 2,268,221              | 612,227                        | 37%           |
| Motor Vehicle License Fees                          | 3,142,922             | 3,142,922             | 3,150,669              | 7,747                          | 0%            |
| Other Financial Sources and Uses                    | 63,035,449            | 63,035,449            | 62,802,769             | (232,680)                      | 0%            |
| Other Revenue                                       | 346,400               | 346,400               | 346,400                | -                              | 0%            |
| Property Tax  | 390,060,910           | 390,060,910           | 382,148,076            | (7,912,834)                    | 2%            |
| Property Transfer Tax                               | 4,685,604             | 4,685,604             | 4,902,715              | 217,111                        | 5%            |
| Refuse Collector Business Tax                       | 780,000               | 780,000               | 650,000                | (130,000)                      | 17%           |
| Revenue from Money and Property                     | 465,231               | 465,231               | 465,231                | -                              | 0%            |
| Safety Sales Tax                                    | 6,286,820             | 6,286,820             | 6,488,114              | 201,294                        | 3%            |
| Sales Tax   | 187,471,361           | 187,471,361           | 204,436,280            | 16,964,919                     | 9%            |
| Transient Occupancy Tax <sup>2</sup>                | 66,115,157            | 66,115,157            | 69,097,066             | 2,981,909                      | 5%            |
| TOTAL   | <u>\$ 812,435,353</u> | <u>\$ 812,435,353</u> | <u>825,152,566</u>     | <u>\$ 12,717,213</u>           | <u>2%</u>     |
| <b>City Planning and Development</b>                |                       |                       |                        |                                |               |
| City Planning and Community Investment              | 2,504,114             | 2,504,114             | 2,292,783              | (211,331)                      | 8%            |
| Development Services - Neighborhood Code Compliance | 715,250               | 715,250               | 1,082,029              | 366,779                        | 51%           |
| <b>Community and Legislative Services</b>           |                       |                       |                        |                                |               |
| Community and Legislative Services                  | 1,355,700             | 1,355,700             | 1,295,700              | (60,000)                       | 4%            |
| <b>Community Services</b>                           |                       |                       |                        |                                |               |
| Library   | 1,319,707             | 1,319,707             | 1,095,862              | (223,845)                      | 17%           |
| Park and Recreation                                 | 27,178,063            | 27,178,063            | 26,135,261             | (1,042,802)                    | 4%            |
| <b>Non-Mayoral</b>                                  |                       |                       |                        |                                |               |
| City Attorney                                       | 5,834,720             | 5,834,720             | 5,650,856              | (183,864)                      | 3%            |
| City Auditor  | 222,323               | 222,323               | 130,478                | (91,845)                       | 41%           |
| City Clerk  | 56,747                | 56,747                | 66,596                 | 9,849                          | 17%           |
| City Council - District 1                           | -                     | -                     | -                      | -                              | 0%            |
| City Council - District 2                           | -                     | -                     | -                      | -                              | 0%            |

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| <b>General Fund Projected Revenues</b> |
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| Business Center/Department                             | Adopted<br>Budget | Current<br>Budget | Year-End<br>Projection | Over Budget/<br>(Under Budget) | Variance<br>% |
|--|-------------------|-------------------|------------------------|--------------------------------|---------------|
| <b>Non-Mayoral (continued)</b>                         |                   |                   |                        |                                |               |
| City Council - District 3                              | \$ 27,486         | \$ 27,486         | \$ 27,486              | \$ -                           | 0%            |
| City Council - District 4                              | -                 | -                 | -                      | -                              | 0%            |
| City Council - District 5                              | -                 | -                 | -                      | -                              | 0%            |
| City Council - District 6                              | 32,000            | 32,000            | 32,000                 | -                              | 0%            |
| City Council - District 7                              | 32,000            | 32,000            | 32,000                 | -                              | 0%            |
| City Council - District 8                              | 32,000            | 32,000            | 32,000                 | -                              | 0%            |
| Council Administration                                 | 59,212            | 59,212            | 59,212                 | -                              | 0%            |
| Ethics Commission                                      | -                 | -                 | 42,215                 | 42,215                         | 100%          |
| Office of the Independent Budget Analyst               | -                 | -                 | -                      | -                              | 0%            |
| Personnel  | -                 | -                 | 11,015                 | 11,015                         | 100%          |
| <b>Office of the Assistant Chief Operating Officer</b> |                   |                   |                        |                                |               |
| Administration   | 246,000           | 246,000           | 280,197                | 34,197                         | 14%           |
| Business Office  | -                 | -                 | -                      | -                              | 0%            |
| Department of Information Technology                   | -                 | -                 | -                      | -                              | 0%            |
| Human Resources  | -                 | -                 | 218                    | 218                            | 100%          |
| Office of the Assistant Chief Operating Officer        | -                 | -                 | -                      | -                              | 0%            |
| Purchasing and Contracting                             | 706,500           | 706,500           | 985,420                | 278,920                        | 39%           |
| <b>Office of the Chief Financial Officer</b>           |                   |                   |                        |                                |               |
| City Comptroller                                       | 2,541,760         | 2,541,760         | 2,541,760              | -                              | 0%            |
| City Treasurer   | 25,804,395        | 25,804,395        | 23,171,635             | (2,632,760)                    | 10%           |
| Citywide Program Expenditures                          | -                 | -                 | -                      | -                              | 0%            |
| Debt Management  | 1,008,057         | 1,008,057         | 891,377                | (116,680)                      | 12%           |
| Financial Management                                   | 67,180            | 67,180            | 67,180                 | -                              | 0%            |
| Office of the Chief Financial Officer                  | 500,000           | 500,000           | 163,653                | (336,347)                      | 67%           |
| <b>Office of the Mayor and Chief Operating Officer</b> |                   |                   |                        |                                |               |
| Office of the Mayor and Chief Operating Officer        | -                 | -                 | -                      | -                              | 0%            |
| <b>Public Safety and Homeland Security</b>             |                   |                   |                        |                                |               |
| Fire-Rescue  | 15,044,130        | 15,044,130        | 17,261,906             | 2,217,776                      | 15%           |

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| <b>General Fund Projected Revenues</b> |
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| Business Center/Department                             | Adopted<br>Budget       | Current<br>Budget       | Year-End<br>Projection  | Over Budget/<br>(Under Budget) | Variance<br>% |
|--|-------------------------|-------------------------|-------------------------|--------------------------------|---------------|
| <b>Public Safety and Homeland Security (continued)</b> |                         |                         |                         |                                |               |
| Office of Homeland Security                            | \$ 1,033,828            | \$ 1,033,828            | \$ 931,792              | \$ (102,036)                   | 10%           |
| Police   | 39,072,150              | 39,072,150              | 37,232,970              | (1,839,180)                    | 5%            |
| <b>Public Utilities</b>                                |                         |                         |                         |                                |               |
| Public Utilities - Reservoir Recreation                | 1,400,000               | 1,400,000               | 1,140,600               | (259,400)                      | 19%           |
| <b>Public Works</b>                                    |                         |                         |                         |                                |               |
| Engineering and Capital Projects                       | 63,455,860              | 63,455,860              | 61,335,312              | (2,120,548)                    | 3%            |
| Environmental Services                                 | 994,827                 | 994,827                 | 1,130,787               | 135,960                        | 14%           |
| General Services                                       | 38,648,265              | 38,648,265              | 34,130,484              | (4,517,781)                    | 12%           |
| Public Works   | -                       | -                       | 46,490                  | 46,490                         | 100%          |
| Real Estate Assets                                     | 43,808,666              | 43,808,666              | 43,318,215              | (490,451)                      | 1%            |
| Storm Water  | 10,091,858              | 10,091,858              | 9,956,965               | (134,893)                      | 1%            |
| <b>Total General Fund Revenues</b>                     | <b>\$ 1,096,228,151</b> | <b>\$ 1,096,228,151</b> | <b>\$ 1,097,725,020</b> | <b>\$ 1,496,869</b>            | <b>0%</b>     |

The current budget presented in this table is as of December 2010 (accounting period 6) unless otherwise noted.

<sup>1</sup> Total City FY 2011 current revenue budget for franchise fees is \$130.0 million and the projection is \$121.2 million. The balance is budgeted in the Environmental Growth and Underground Surcharge Funds.

<sup>2</sup> Total City FY 2011 current revenue budget for transient occupancy tax is \$126.2 million and the projection is \$131.9 million. The balance is budgeted in the Transient Occupancy Tax Fund.

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| <b>General Fund Projected Expenditures</b> |
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| Business Center/Department                             | Adopted<br>Budget | Current<br>Budget | Year-End<br>Projection | Under Budget/<br>(Over Budget) | Variance<br>% |
|--|-------------------|-------------------|------------------------|--------------------------------|---------------|
| <b>City Planning and Development</b>                   |                   |                   |                        |                                |               |
| City Planning and Community Investment                 | \$ 13,581,643     | \$ 13,581,643     | \$ 12,505,360          | \$ 1,076,283                   | 8%            |
| Development Services - Neighborhood Code Compliance    | 6,007,931         | 6,007,931         | 6,202,615              | (194,684)                      | 3%            |
| <b>Community and Legislative Services</b>              |                   |                   |                        |                                |               |
| Community and Legislative Services                     | 5,983,539         | 5,983,539         | 5,857,859              | 125,680                        | 2%            |
| <b>Community Services</b>                              |                   |                   |                        |                                |               |
| Library  | 34,052,339        | 34,052,339        | 34,446,368             | (394,029)                      | 1%            |
| Park and Recreation <sup>1</sup>                       | 83,526,871        | 83,961,684        | 83,699,936             | 261,748                        | 0%            |
| <b>Non-Mayoral</b>                                     |                   |                   |                        |                                |               |
| City Attorney  | 41,884,483        | 41,884,483        | 40,522,153             | 1,362,330                      | 3%            |
| City Auditor   | 3,761,180         | 3,761,180         | 3,346,307              | 414,873                        | 11%           |
| City Clerk   | 4,763,463         | 4,763,463         | 4,729,234              | 34,229                         | 1%            |
| City Council - District 1                              | 1,040,682         | 1,040,682         | 803,386                | 237,296                        | 23%           |
| City Council - District 2                              | 1,003,475         | 1,003,475         | 795,213                | 208,262                        | 21%           |
| City Council - District 3                              | 1,123,099         | 1,123,099         | 927,142                | 195,957                        | 17%           |
| City Council - District 4                              | 1,099,469         | 1,099,469         | 962,842                | 136,627                        | 12%           |
| City Council - District 5                              | 1,047,541         | 1,047,541         | 728,324                | 319,217                        | 30%           |
| City Council - District 6                              | 972,108           | 972,108           | 750,075                | 222,033                        | 23%           |
| City Council - District 7                              | 1,106,880         | 1,106,880         | 813,548                | 293,332                        | 27%           |
| City Council - District 8                              | 1,115,310         | 1,115,310         | 877,131                | 238,179                        | 21%           |
| Council Administration <sup>2</sup>                    | 1,925,987         | 1,948,487         | 1,690,637              | 257,850                        | 13%           |
| Ethics Commission                                      | 896,863           | 896,863           | 799,271                | 97,592                         | 11%           |
| Office of the Independent Budget Analyst               | 1,618,787         | 1,618,787         | 1,475,913              | 142,874                        | 9%            |
| Personnel  | 6,639,524         | 6,639,524         | 6,551,647              | 87,877                         | 1%            |
| <b>Office of the Assistant Chief Operating Officer</b> |                   |                   |                        |                                |               |
| Administration   | 2,372,177         | 2,372,177         | 2,093,506              | 278,671                        | 12%           |
| Business Office  | 1,157,683         | 1,157,683         | 1,033,176              | 124,507                        | 11%           |
| Department of Information Technology                   | 18,993,847        | 18,993,847        | 18,986,897             | 6,950                          | 0%            |
| Human Resources <sup>3</sup>                           | 1,923,573         | 1,923,573         | 1,940,466              | (16,893)                       | 1%            |
| Office of the Assistant Chief Operating Officer        | 311,820           | 311,820           | 311,820                | -                              | 0%            |

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| <b>General Fund Projected Expenditures</b> |
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| Business Center/Department   | Adopted<br>Budget | Current<br>Budget | Year-End<br>Projection | Under Budget/<br>(Over Budget) | Variance<br>% |
|--|-------------------|-------------------|------------------------|--------------------------------|---------------|
| <b>Office of the Assistant Chief Operating Officer (continued)</b> |                   |                   |                        |                                |               |
| Purchasing and Contracting   | \$ 3,665,027      | \$ 3,665,027      | \$ 3,624,806           | \$ 40,221                      | 1%            |
| <b>Office of the Chief Financial Officer</b>                       |                   |                   |                        |                                |               |
| City Comptroller   | 10,080,050        | 10,080,050        | 10,321,444             | (241,394)                      | 2%            |
| City Treasurer   | 18,071,888        | 18,071,888        | 18,026,470             | 45,418                         | 0%            |
| <b>Citywide Program Expenditures</b>                               |                   |                   |                        |                                |               |
| Assessments to Public Property                                     | 450,235           | 450,235           | 450,235                | -                              | 0%            |
| Citywide Elections   | 200,000           | 1,400,000         | 1,000,000              | 400,000                        | 29%           |
| Corporate Master Leases Rent                                       | 9,412,093         | 9,412,093         | 9,418,419              | (6,326)                        | 0%            |
| Employee Personal Property Claims                                  | 5,000             | 5,000             | 5,000                  | -                              | 0%            |
| Insurance  | 1,338,682         | 1,338,682         | 1,197,107              | 141,575                        | 11%           |
| Memberships  | 630,000           | 630,000           | 617,361                | 12,639                         | 2%            |
| Park Improvement Funds Transfer                                    | 3,372,678         | 3,372,678         | 3,372,678              | -                              | 0%            |
| Preservation of Benefits   | 1,500,000         | 1,500,000         | 1,464,000              | 36,000                         | 2%            |
| Property Tax Administration  | 4,702,711         | 4,702,711         | 5,102,711              | (400,000)                      | 9%            |
| Public Liability Claims Fund Transfer                              | 15,106,208        | 15,106,208        | 15,106,208             | -                              | 0%            |
| Redistricting Commission   | 500,000           | 500,000           | 186,500                | 313,500                        | 63%           |
| Special Consulting Services  | 1,750,000         | 1,750,000         | 1,491,462              | 258,538                        | 15%           |
| TRANS Interest Expense Transfer                                    | 1,444,151         | 1,444,151         | 1,085,093              | 359,058                        | 25%           |
| Transfer to Capital Improvements Program                           | -                 | -                 | 147,250                | (147,250)                      | 100%          |
| Transportation Subsidy   | 278,077           | 278,077           | 278,077                | -                              | 0%            |
| TOTAL  | \$ 40,689,835     | \$ 41,889,835     | \$ 40,922,101          | \$ 967,734                     | 2%            |
| Debt Management  | 2,230,659         | 2,230,659         | 2,140,140              | 90,519                         | 4%            |
| Financial Management   | 4,215,681         | 4,215,681         | 3,946,457              | 269,224                        | 6%            |
| Office of the Chief Financial Officer                              | 913,633           | 913,633           | 896,071                | 17,562                         | 2%            |
| <b>Office of the Mayor and Chief Operating Officer</b>             |                   |                   |                        |                                |               |
| Office of the Mayor and Chief Operating Officer                    | 753,973           | 753,973           | 691,428                | 62,545                         | 8%            |
| <b>Public Safety and Homeland Security</b>                         |                   |                   |                        |                                |               |
| Fire-Rescue  | 181,901,923       | 181,901,923       | 185,274,481            | (3,372,558)                    | 2%            |
| Office of Homeland Security  | 1,755,915         | 1,755,915         | 1,590,991              | 164,924                        | 9%            |

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| <b>General Fund Projected Expenditures</b> |
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| Business Center/Department                              | Adopted<br>Budget       | Current<br>Budget       | Year-End<br>Projection  | Under Budget/<br>(Over Budget) | Variance<br>% |
|---|-------------------------|-------------------------|-------------------------|--------------------------------|---------------|
| <b>Public Safety and Homeland Security (continued)</b>  |                         |                         |                         |                                |               |
| Police  | 384,844,349             | 384,844,349             | 389,363,192             | (4,518,843)                    | 1%            |
| <b>Public Utilities</b>                                 |                         |                         |                         |                                |               |
| Public Utilities - Reservoir Recreation                 | \$ 1,994,583            | \$ 1,994,583            | \$ 1,746,582            | \$ 248,001                     | 12%           |
| <b>Public Works</b>                                     |                         |                         |                         |                                |               |
| Engineering and Capital Projects                        | 66,524,185              | 66,524,185              | 67,178,542              | (654,357)                      | 1%            |
| Environmental Services                                  | 32,561,646              | 32,561,646              | 34,071,420              | (1,509,774)                    | 5%            |
| General Services  | 63,317,443              | 63,317,443              | 59,661,820              | 3,655,623                      | 6%            |
| Public Works  | 1,000,012               | 1,000,012               | 989,696                 | 10,316                         | 1%            |
| Real Estate Assets                                      | 4,511,955               | 4,511,955               | 4,157,432               | 354,523                        | 8%            |
| Storm Water   | 35,183,439              | 35,183,439              | 35,172,458              | 10,981                         | 0%            |
| <b>Total General Fund Expenditures</b>                  | <b>\$ 1,092,126,470</b> | <b>\$ 1,093,783,783</b> | <b>\$ 1,092,626,357</b> | <b>\$ 1,157,426</b>            | <b>0%</b>     |
| <b>General Fund Appropriated Reserve<sup>1,2</sup></b>  | 4,101,681               | 2,444,368               | -                       | 2,444,368                      | 100%          |
| <b>General Fund Expenditures + Appropriated Reserve</b> | <b>\$ 1,096,228,151</b> | <b>\$ 1,096,228,151</b> | <b>\$ 1,092,626,357</b> | <b>\$ 3,601,794</b>            | <b>0%</b>     |

The current budget presented in this table is as of December 2010 (accounting period 6) unless otherwise noted.

<sup>1</sup> The current budget has been modified to reflect the transfer of \$434,813 in appropriations from the General Fund Appropriated Reserve to the Park and Recreation Department as approved by City Council on November 30, 2010 (R-306373).

<sup>2</sup> The current budget has been modified to reflect the transfer of \$22,500 in appropriations from the General Fund Appropriated Reserve to Council Administration as approved by City Council on February 7, 2011 (R-306585).

<sup>3</sup> Over budget variance due entirely to fringe which is offset by fringe savings in other departments.

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| <b>Non-General Fund Projections</b> |
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| Business Center/Fund                                   |              | Adopted<br>Budget | Current<br>Budget | Year-End<br>Projection | Variance<br>Amount | Variance<br>% |
|--|--------------|-------------------|-------------------|------------------------|--------------------|---------------|
| <b>City Planning and Development</b>                   |              |                   |                   |                        |                    |               |
| Development Services Fund                              | Revenues     | \$ 45,868,370     | \$ 45,868,370     | \$ 37,389,358          | \$ (8,479,012)     | 18%           |
|  | Expenditures | 41,144,859        | 41,144,859        | 36,006,132             | 5,138,727          | 12%           |
| Facilities Financing Fund                              | Revenues     | 2,329,579         | 2,329,579         | 2,357,950              | 28,371             | 1%            |
|  | Expenditures | 2,232,374         | 2,232,374         | 2,357,950              | (125,576)          | 6%            |
| HUD Programs Administration Fund                       | Revenues     | 2,850,566         | 2,850,566         | 3,029,179              | 178,613            | 6%            |
|  | Expenditures | 2,850,566         | 2,850,566         | 3,069,559              | (218,993)          | 8%            |
| Local Enforcement Agency Fund                          | Revenues     | 857,528           | 857,528           | 755,962                | (101,566)          | 12%           |
|  | Expenditures | 871,533           | 871,533           | 768,454                | 103,079            | 12%           |
| <b>Community and Legislative Services</b>              |              |                   |                   |                        |                    |               |
| Commission for Arts and Culture <sup>1</sup>           | Revenues     | \$ -              | \$ -              | \$ -                   | \$ -               | 0%            |
|  | Expenditures | 832,680           | 832,680           | 832,680                | -                  | 0%            |
| Special Events <sup>1</sup>                            | Revenues     | 150,000           | 150,000           | 150,000                | -                  | 0%            |
|  | Expenditures | 544,274           | 544,274           | 542,606                | 1,668              | 0%            |
| <b>Community Services</b>                              |              |                   |                   |                        |                    |               |
| Golf Course Fund                                       | Revenues     | 17,046,500        | 17,046,500        | 16,270,132             | (776,368)          | 5%            |
|  | Expenditures | 14,283,261        | 14,283,261        | 14,383,061             | (99,800)           | 1%            |
| Los Peñasquitos Canyon Preserve Fund                   | Revenues     | 121,000           | 121,000           | 137,052                | 16,052             | 13%           |
|  | Expenditures | 221,087           | 221,087           | 173,284                | 47,803             | 22%           |
| <b>Office of the Assistant Chief Operating Officer</b> |              |                   |                   |                        |                    |               |
| Central Stores Fund <sup>2</sup>                       | Revenues     | 23,860,471        | 34,672,810        | 34,697,809             | 24,999             | 0%            |
|  | Expenditures | 23,860,471        | 34,672,810        | 34,697,614             | (24,804)           | 0%            |
| Information Technology Fund                            | Revenues     | 3,510,440         | 3,510,440         | 3,694,114              | 183,674            | 5%            |
|  | Expenditures | 3,513,894         | 3,513,894         | 4,431,665              | (917,771)          | 26%           |
| <b>Office of the Chief Financial Officer</b>           |              |                   |                   |                        |                    |               |
| OneSD Support Fund <sup>3</sup>                        | Revenues     | 17,284,663        | 17,284,663        | 17,335,086             | 50,423             | 0%            |
|  | Expenditures | 17,284,663        | 18,784,663        | 18,517,817             | 266,846            | 1%            |



|                                     |
|-------------------------------------|
| <b>Non-General Fund Projections</b> |
|-------------------------------------|

| Business Center/Fund                                     |              | Adopted<br>Budget | Current<br>Budget | Year-End<br>Projection | Variance<br>Amount | Variance<br>% |
|--|--------------|-------------------|-------------------|------------------------|--------------------|---------------|
| <b>Office of the Chief Financial Officer (continued)</b> |              |                   |                   |                        |                    |               |
| Risk Management Administration Fund                      | Revenues     | 8,925,849         | 8,925,849         | 8,925,849              | -                  | 0%            |
|  | Expenditures | 9,666,047         | 9,666,047         | 9,666,047              | -                  | 0%            |
| <b>Office of the Mayor and Chief Operating Officer</b>   |              |                   |                   |                        |                    |               |
| Redevelopment Fund                                       | Revenues     | 3,634,020         | 3,634,020         | 3,546,231              | (87,789)           | 2%            |
|  | Expenditures | 3,634,020         | 3,634,020         | 3,582,816              | 51,204             | 1%            |
| <b>Public Safety and Homeland Security</b>               |              |                   |                   |                        |                    |               |
| Fire/EMS Transportation Program Fund                     | Revenues     | 5,859,620         | 5,859,620         | 7,459,822              | 1,600,202          | 27%           |
|  | Expenditures | 4,548,284         | 4,548,284         | 6,202,341              | (1,654,057)        | 36%           |
| <b>Public Utilities</b>                                  |              |                   |                   |                        |                    |               |
| Sewer Utility Funds                                      | Revenues     | 505,415,480       | 505,415,480       | 506,888,995            | 1,473,515          | 0%            |
|  | Expenditures | 345,952,678       | 346,204,055       | 309,752,079            | 36,451,976         | 11%           |
| Water Utility Operating Fund                             | Revenues     | 518,418,000       | 518,418,000       | 518,379,911            | (38,089)           | 0%            |
|  | Expenditures | 425,094,718       | 425,139,718       | 417,413,368            | 7,726,350          | 2%            |
| <b>Public Works</b>                                      |              |                   |                   |                        |                    |               |
| Airports Fund  | Revenues     | 4,389,716         | 4,389,716         | 4,389,716              | -                  | 0%            |
|  | Expenditures | 3,346,159         | 3,346,159         | 3,249,829              | 96,330             | 3%            |
| Concourse and Parking Garages Operating Fund             | Revenues     | 3,550,804         | 3,550,804         | 2,956,147              | (594,657)          | 17%           |
|  | Expenditures | 3,532,522         | 3,532,522         | 2,505,951              | 1,026,571          | 29%           |
| Energy Conservation Program Fund                         | Revenues     | 1,249,480         | 1,249,480         | 1,270,284              | 20,804             | 2%            |
|  | Expenditures | 2,396,908         | 2,396,908         | 2,219,830              | 177,078            | 7%            |
| Fleet Services Operating Fund                            | Revenues     | 45,865,965        | 45,865,965        | 47,549,738             | 1,683,773          | 4%            |
|  | Expenditures | 51,189,151        | 51,189,151        | 51,611,849             | (422,698)          | 1%            |
| PETCO Park Fund  | Revenues     | 15,895,158        | 15,895,158        | 15,841,851             | (53,307)           | 0%            |
|  | Expenditures | 17,146,525        | 17,146,525        | 17,148,669             | (2,144)            | 0%            |
| Publishing Services Fund                                 | Revenues     | 5,843,953         | 5,843,953         | 4,898,739              | (945,214)          | 16%           |
|  | Expenditures | 5,843,953         | 5,843,953         | 4,751,489              | 1,092,464          | 19%           |

|                                     |
|-------------------------------------|
| <b>Non-General Fund Projections</b> |
|-------------------------------------|

| Business Center/Fund                    |              | Adopted<br>Budget | Current<br>Budget | Year-End<br>Projection | Variance<br>Amount | Variance<br>% |
|---|--------------|-------------------|-------------------|------------------------|--------------------|---------------|
| <b>Public Works (continued)</b>         |              |                   |                   |                        |                    |               |
| QUALCOMM Stadium Operating Fund         | Revenues     | \$ 14,568,123     | \$ 14,568,123     | \$ 14,697,190          | \$ 129,067         | 1%            |
|   | Expenditures | 14,534,168        | 14,534,168        | 14,729,719             | (195,551)          | 1%            |
| Recycling Fund                          | Revenues     | 18,403,094        | 18,403,094        | 20,588,582             | 2,185,488          | 12%           |
|   | Expenditures | 19,744,046        | 19,744,046        | 18,943,585             | 800,461            | 4%            |
| Refuse Disposal Fund                    | Revenues     | 29,183,451        | 29,183,451        | 29,624,582             | 441,131            | 2%            |
|   | Expenditures | 34,460,454        | 34,460,454        | 30,264,243             | 4,196,211          | 12%           |
| Underground Surcharge Fund              | Revenues     | 50,907,693        | 50,907,693        | 44,104,648             | (6,803,045)        | 13%           |
|   | Expenditures | 77,254,269        | 77,254,269        | 69,944,114             | 7,310,155          | 9%            |
| Wireless Communications Technology Fund | Revenues     | 9,225,968         | 9,225,968         | 9,313,653              | 87,685             | 1%            |
|   | Expenditures | 9,699,235         | 9,699,235         | 9,353,706              | 345,529            | 4%            |

The current budget presented in this table is as of December 2010 (accounting period 6) unless otherwise noted. Capital Improvement Program expenditure budgets are excluded.

<sup>1</sup> The Commission for Arts and Culture and Special Events Department are funded by the Transient Occupancy Tax (TOT) Fund.

<sup>2</sup> The current expenditure and revenue budgets have been modified to reflect an increase in appropriations in accordance with Appropriation Ordinance 19976 section 2.VI.C.

<sup>3</sup> The current expenditure budget has been modified to reflect the increase of \$1.5 million in OneSD Support Fund appropriations as approved by City Council on January 25, 2011 (R-306572).